

E-business ignorance no longer a defence

Is it time for a few old-fashioned boardroom coups? Boards of directors today need to ask whether their company's chief executive officer is up to the task of dealing with electronic business.

In the past, we've seen plenty of cases where boards decided to get rid of top managers for reasons of inadequate performance, underlined by a lagging stock price.

Today, mid-level staff are expressing extreme frustration with the lack of management commitment for their e-business initiatives.

That means there are still plenty of CEOs who are setting their company up for a fall in the wired economy, leading to an inevitable drop in stock prices.

So doesn't termination make sense, not just for reasons related to current performance, but for the lack of an effective e-business strategy that will have an impact on future performance?

Blind ignorance of e-business is no longer an excuse. Open a newspaper any day for stark evidence that the Internet continues to turn products into commodities, slash margins, introduce new and more aggressive competitors, demolish standard industry practice and send a few companies into oblivion.

It's not only a matter of responding to the threats and challenges of e-business. Not taking advantage of its opportunities is almost criminal, given what bang for the buck established companies get from effectively manoeuvring through the on-line world.

Many organizations have learned how to use the Internet as a tool for marketing, customer support, cost reduction and supply chain management. Companies such as Cisco, Exxon, Dell and others have used the Internet to increase revenue, reduce costs, and open new markets.

The lack of a strategy may be the result of a form of corporate e-business myopia. Does current man-



DIGITAL SURVIVOR

JIM CARROLL

agement have a vision for the task? That's a question boards should address.

The corner office of many organizations is inhabited by a senior executive whose first experience with the computer was with a punch card. Many CEOs are from a generation that, quite simply, will never be able to articulate a high-tech vision.

If they can't even do their own e-mail, how can they be expected to drag their company into the 21st century? And yet, waiting in the wings is a younger, business-experienced and certainly more technology-savvy management generation who is ready to embrace e-business for all it's worth.

What should a board member do? I'd suggest a simple test: Sign on to the corporate Web site and send in a customer support request. If it takes longer than two days for the company to answer, that shows the organization doesn't have e-business nailed, most likely because of inadequate funding and at the most senior levels. They may consider cutting out the blockage at the place where it counts — the CEO.

♦ ♦ ♦

Jim Carroll is co-author of Light Bulbs to Yottabits: How to Profit by Understanding the Internet of the Future, and can be reached by e-mail at jcarroll@jimcarroll.com